

Message Text

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ACTION EB-07

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 7455

UNCLAS NEW DELHI 11216

E.O. 11652: N/A

SUBJECT: INDIA IMPORTS OF EDIBLE OILS

SEF: (A) STATE 180896 (B) NEW DELHI 10672 (C) NEW DELHI 10582
(D) TOFAS 129

1. WE NOTE FROM REF (A) THAT CANADA WILL AGAIN INCLUDE 10,000 MT EDIBLE OIL IN ITS FOOD AID PROGRAM TO INDIA. AT THE SAME TIME, THE GOVERNMENT HAS REACTED TO RISING PRICES OF INDIGENOUS EDIBLE OILS BY ELIMINATING THE DUTY ON IMPORTED EDIBLE OILS EFFECTIVE AUGUST 1, 1976 AND DIRECTING THAT AT LEAST 50 PERCENT OF THE OILS USED IN THE MANUFACTURE OF VANASPATHI MUST CONSIST OF IMPORTED VEGETABLE OIL. IT APPEARS LIKELY THAT IMPORTS DURING CY 1976 WILL BE IN THE AREA OF 150,000 METRIC TONS OR APPROXIMATELY DOUBLE THAT OF LAST YEAR (SEE REF B, C, D).

2. ALTHOUGH INCLUSION OF EDIBLE OIL IN OUR TITLE I PROGRAM HAS NOT BEEN DISCUSSED, IT OCCURS TO US THAT, GIVEN CANADA'S PROGRAM AND INDIA'S INTEREST IN IMPORTING THIS PRODUCT AT THIS TIME, WE MAY BE CONSIDERING THIS ITEM IN OUR PLANNING FOR NEXT YEAR'S PROGRAM.

3. IN THIS REGARD, THE RECENT INCREASES IN DOMESTIC OCB PRICES WERE STIMULATED TO SOME EXTENT BY CONCERN OVER PEANUT CROP PROSPECTS BECAUSE OF A LULL IN THE

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MONSOON. RECENT REVIVAL OF RAINS, HOWEVER, IN THE IMPORTANT

PEANUT PRODUCING AREAS HAS TEMPERED THE ANXIETY BUT
ULTIMATE OUTCOME WILL DEPEND ON TIMELY AND
CONTINUED RAINS DURING THE REST OF THE MONSOON SEASON.
THIS IN TURN WILL DETERMINE GOI ATTITUDE TOWARD CONTINUED IMPORTS
OF EDIBLE OILS AND AT WHAT LEVEL, AND WILL ULTIMATELY INFLUENCE
GOI VIEWS ON TITLE I.

4. IN ANY EVENT, WE HAVE NOTICED SHARP
FLUCTUATION NOT ONLY IN LOCAL PRICES OF EDIBLE OILS BUT IN
WORLD PRICES AS WELL.- WE WOULD BE INTERESTED IN ANY
REPORTS OR STUDIES ON THIS SUBJECT WHICH SHOW THE
REASONS FOR THIS.
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